

China’s Strategic Navigation of Globalization: Institutional Reforms, Trade Policy, and Business Implications

Ellias Aghili Dehnavi<sup>1</sup>, Kanan Ahmadzada<sup>2</sup>

<sup>1</sup>Third Year PhD Candidate At Adam Mickiewicz University, Faculty of Political Science and Journalism, Department of Non-European political Studies, Poznan, Poland,

Email ID: [ellagh@amu.edu.pl](mailto:ellagh@amu.edu.pl), <https://orcid.org/0009-0001-9238-056X>

<sup>2</sup>Fourth Year PhD Candidate At Adam Mickiewicz University, Faculty of Political Science and Journalism, Department of Non-European political Studies, Poznan, Poland,

<https://orcid.org/0000-0002-8669-4685>

Cite this paper as: Ellias Aghili Dehnavi, Kanan Ahmadzada, (2025) China’s Strategic Navigation of Globalization: Institutional Reforms, Trade Policy, and Business Implications. *Advances in Consumer Research*, 2 (4), 2740-2750

<b>KEYWORDS</b> <i>Keywords: China, globalization, Belt and Road, RCEP, institutional reform, trade policy, multipolarity.</i>	<b>ABSTRACT</b> This paper examines China’s strategies in confronting globalization. In this regard, it analyzes the institutional developments, trade policies, and economic diplomacy of the country in shaping the multipolar world order. By adopting a state-centered approach that differs from the Western liberal model, China is using tools such as the Belt and Road Initiative (BRI) and the Regional Comprehensive Economic Partnership (RCEP) to redefine regional trade governance. This study shows that China has strengthened its growth by intelligently exploiting economic globalization, but at the same time resisting political-cultural Westernization through policies such as technological self-reliance and selective market liberalization. Theoretical frameworks such as Dunning’s “Eclectic Model” and Porter’s “Diamond Model” explain China’s competitive advantages, including state-led industrialization, targeted foreign investment attraction, and infrastructure dominance through the BRI. RCEP is an example of China’s efforts to integrate Asian supply chains, although challenges such as geopolitical tensions and institutional inconsistencies remain. On the other hand, the BRI, while improving global connectivity, has led to heavy debt burdens for host countries and exposed the contradictions of China’s global leadership. Domestically, China’s trade, banking, and judicial reforms demonstrate flexible governance to comply with WTO standards while maintaining state control. Compared with India’s caution and Japan’s standards-based multilateralism, China’s proactive approach to globalization highlights the divergence of Asian strategies. It has also been shown that China’s hybrid model offers an alternative to liberal globalization, but its sustainability depends on a balance between economic openness, geopolitical stability, and the elimination of structural inequalities.
---	--

1. INTRODUCTION

The term globalization includes all the changes and transformations done in different political, economic, ideological, technological and cultural fields in the international field. The changes in the economic field include the internationalizing of production, the increasing in the flow of capital, the moving of transnational companies, and the deepening of economic interdependence. The economic aspects of globalization include the reconstruction of the production method, the penetration of various industries to all parts of the world, the expansion of financial markets, and the extension of movement of labor around the world.

On the other hand, with the expansion of the phenomenon of globalization, issues such as the liberalization of trade and investment, privatization and the reduction of government control over the economic field have also increased [1]. In the meantime, China, as one of the main poles of the economy in the world, can have a significant impact on the phenomenon of globalization. Therefore, it is necessary and important for the Chinese to study globalization and their strategies to deal with the challenges caused by the emergence of this phenomenon, and it is vital and necessary for the Chinese to increase productivity.



In reference [2], it has been investigated how the globalization of the economy by China is done. This article assumes that understanding the power of globalization on countries is as important as evaluating the power of some countries on this process. Toward this end, it uses the recent developed "globalizers theory" to analyze how China has changed in contemporary economic globalization. The result is that China has become an "economic globalizer" in the 21st century. As the largest exporter, second largest importer, third largest provider of foreign direct investment and major supplier of high-tech goods, the Asian giant is a vital partner for several economies on different continents. In this context, Beijing's globalization strategy has served both to secure the benefits of globalization and to reform the international economic order, without having a revolutionary position. Also, in reference [3], the impact of using innovative strategies in the era of globalization on the average income of China and its comparison with Latin American countries have been investigated. The key is to develop internal innovation capabilities to move up the value chain to create sustainable productivity growth. Few countries have achieved this since World War II.

Using a structural-evolutionary approach, this article examines the reasons for poor productivity performance in the region and analyzes the sources of productivity growth in 9 Latin American countries in the period from 1950 to 2011 and compares it with China. The results indicate that the current globalization process, especially the rise of China has changed the target positions for middle-income countries and increased the necessity of developing domestic innovative capabilities.

## **2. THEORETICAL FRAMEWORKS OF STRATEGIC MANAGEMENT**

### **2.1. Dunning's Eclectic Paradigm (OLI Framework)**

Dunning's Eclectic Paradigm (OLI) is a key framework for analyzing foreign direct investment (FDI), which focuses on three advantages: ownership (O), location (L), and internalization (I) [4]. In China's case, the ownership advantage includes strong brands, advanced technology, and government support for domestic companies, which enable them to compete in global markets. The location advantage is also significantly enhanced by the availability of cheap labor, developed infrastructure, and special economic policies. In addition, the internalization advantage is also achieved through control of foreign markets and reduced transaction costs. This framework illustrates how China has become an attractive destination for FDI by combining the three factors mentioned above [5].

In the area of globalization, China's institutional reforms have directly affected its locational advantage. The most important of these institutional reforms are the easing of regulations and the encouragement of foreign investment. On the other hand, policies such as "Made in China 2025" and the development of special economic zones have also increased China's attractiveness for multinational companies. From an ownership advantage perspective, government support for Chinese companies in technology and manufacturing has allowed them to compete internationally. These institutional reforms have facilitated the flow of FDI [6]. They have also enabled China to gain a better position in the global value chain.

China's trade policy is also fully consistent with the OLI model. On the one hand, trade policies such as membership in the World Trade Organization (WTO) and the conclusion of trade agreements have strengthened the location advantage. On the other hand, selective restrictions on foreign investment in sensitive sectors reflect China's desire to maintain an internalization advantage. This strategic approach has made China a hub for FDI [7]. It also uses foreign investment to promote domestic industries and reduce dependence on foreign technology. Therefore, the OLI paradigm can be considered an effective tool for understanding China's behavior in attracting FDI and its role in economic globalization.

### **2.2. Porter's Diamond Model**

Porter's Diamond Model provides an analytical framework for identifying the determinants of a nation's competitive advantage in the international arena. The model examines four key factors: factor conditions, domestic demand conditions, related and supporting industries, and the strategy, structure, and competitiveness of firms. Unique factors of production conditions, such as abundant and relatively cheap labor, developing infrastructure, and access to natural resources, have created a fundamental foundation for China's competitiveness. In addition, the large size of China's domestic market has served as a powerful driver for innovation and product quality improvement [8].

In the context of institutional reforms, China has created the ground for strengthening competitive advantages by making structural changes in its economic system. Policies such as the development of special economic zones, investment in research and development, and support for leading industries have directly affected the pillars of Porter's model. These reforms have improved the conditions of production factors. On the other hand, the creation of a network of strong supporting industries in areas such as electronics and industrial manufacturing has made China a center of global value chains [9].

China's trade policy is designed to complement the factors in Porter's diamond model. On the one hand, incentive policies to attract foreign investment and technology transfer have increased the competitiveness of domestic companies. On the other hand, targeted support for strategic industries and intelligent restrictions on imports in some sectors have created a competitive environment conducive to the growth of domestic companies [10]. This integrated approach has enabled China to emerge as a leading player in advanced technologies in the era of globalization. The intelligent interaction of these factors explains China's unique position in the global economy.



### 3. DIFFERENT DIMENSIONS OF GLOBALIZATION

The most important dimension of globalization from the Chinese point of view, especially at the beginning of the formation and emergence of this phenomenon, was its economic dimension. But gradually, the security, cultural and political dimensions of globalization were also taken into account by the Chinese in its relations and its interactions with the world. One of the important aspects of this is the competition of this country with the United States on international issues [11].

As far as globalization is considered a characteristic of the contemporary hegemony of the United States, China's perception of globalization is based on the evaluation of the world order. From the strategic point of view, the goal and perspective of this country is to become the first world power. The hegemony of the United States in its liberal and democratic forms brings important benefits to China, but from the perspective of power politics, it challenges the interests of this country.

Therefore, one of the characteristics of China's current and future encounters with the phenomenon of globalization is the attempt to limit the United States [12].

In this respect, the Chinese have presented the methods of using globalization to limit the power of the United States so that they can have ultimately direct international relations based on legitimate authority by reducing the concern of China's threat. From a strategic point of view, China is widely seeking to use the phenomenon of globalization to strengthen its power and wealth.

The Chinese are sensitive to the world's reactions to the rise of China's power. They seek to achieve security based on economic and political cooperation with mutual benefits. In their new approach to foreign policy, they take on the role of globalization in bringing about changes in the policies of the big and powerful countries and the formation of a balanced competition and cooperation of governments, which leads to progress along with compromises with other countries. It is emphasized [13].

This is why the general view of the people of the world towards China is that this country's influence on world politics and economy is more compared to other countries in the world. The attitude of the Chinese toward various issues such as the increase of weapons, infectious diseases, global terrorism, cybercrimes and other issues from globalization perspective shows something crucial. It shows that this country's perception of globalization is in line with their significant efforts to realize Development and security have changed in recent years. These changes have been made in such a way that the non-economic aspects of globalization have become important along with its economic aspect.

### 4. ESSENTIALS OF GLOBALIZATION

The Chinese realized that globalization and being influential in the world arena require efficient tools [14]. The most important tool they used in this direction is as it follows:

- 1) National integrity in different fields
- 2) Being effective from executive, organizational and managerial aspects
- 3) Providing formal and informal training
- 4) Providing agricultural services
- 5) Family planning programs
- 6) Providing medical and health services
- 7) Marketing, banking and dissemination of commercial information
- 8) Planning news and cultural information
- 9) Political participation and social pluralism
- 10) Meteorology, navigation and environmental control
- 11) Preventing disasters and providing services in emergency situations
- 12) Resource management with remote sensing technique
- 13) Exchange of scientific information

### 5. ECONOMIC GLOBALIZATION

From the Chinese point of view, the most important aspect of globalization is its economic aspect. This means that in the light of this process, the elements of economic growth, especially the factors of labor, capital and technology have moved to the global level based on the dynamics of the market rules, and as a result, national and regional economies are integrated into the global economic system [15].

The Chinese authorities considered globalization to be a process caused by scientific and technology-based advances, which causes the expansion of the global flow of capital, goods, and technical knowledge. Emphasizing the technological roots of



this process from a conceptual perspective limited globalization to the economic sphere in China's official analysis, while other parts of the world considered it a concept with political, social and cultural dimensions.

In China's initial perceptions of globalization, the opportunities provided for economic development were emphasized, and concerns related to American hegemony and westernization were not given much attention. The Chinese believed that the solutions to fulfill the globalization of the economy are global cooperation and the participation of all developed countries and developing countries which are currently developing [16]. By examining and evaluating China's views on economic globalization, the characteristics of this process can be stated as follows:

- 1) Turning experts into global people with a lot of experience in the field of global trade.
- 2) Turning international companies into the center of the world's economic life and creating great challenges for the traditional governance of governments.
- 3) To globalize production and to change the process of division of labor
- 4) Rapid development of global financial integration processes
- 5) Creating an international trade system through the integration of national and regional economies

## 6. GLOBALIZATION FROM THE CHINESE POINT OF VIEW

The first encounter of the Chinese to understand globalization made them inclined towards understanding science and finding a correct and accurate understanding of the phenomenon of globalization. As the concept or the phenomenon of globalization emerged in the West, it immediately became an important issue in China.

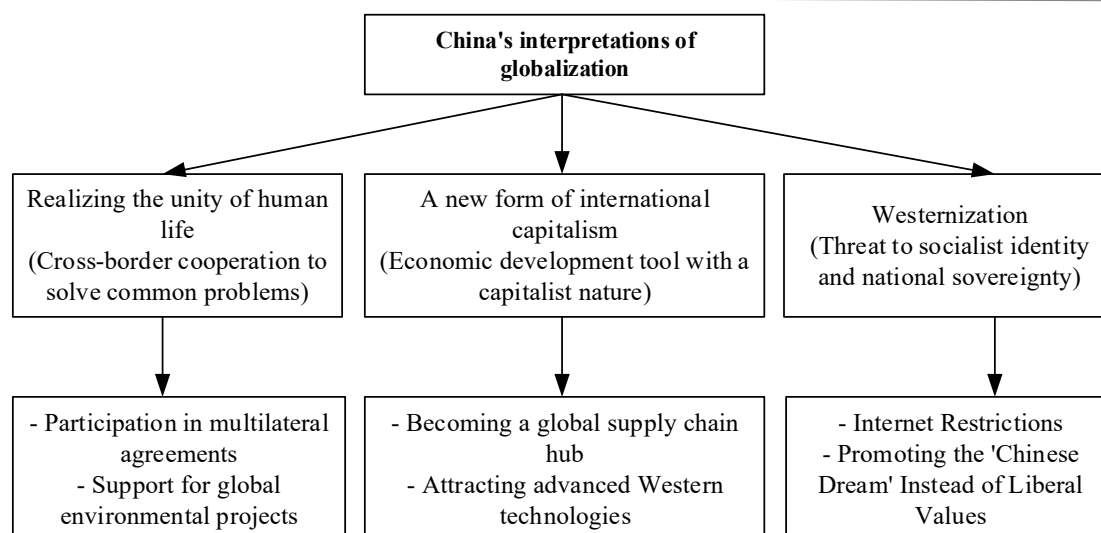
As a matter of fact, they found globalization as an undeniable process in shaping the development of the world and China, and it is impossible for the country to not to be influenced by its effects; They sought to find optimal and desirable solutions to face the challenges and opportunities of the globalization phenomenon. In the following, extensive studies were conducted at academic level in this country to investigate the various dimensions of the phenomenon of globalization and various views which were presented by scientists about globalization.

The proposers of the first point of view believe that globalization is a phenomenon aimed at fulfilling the sacred desire of the integrity of human life, which is beyond national and regional borders. In fact, globalization refers to the historical and objective process and tendency of the development of modern human life towards the borders of national states, which has appeared in the form of relationships, networks and global exchanges. In the meantime, some have gone further and stated that the concept of globalization lies in a global consensus beyond geographical, cultural and institutional barriers and in global interdependence. It is based on the principle that with the development of global relations, human The whole world faces common problems and challenges and seeks cooperation to solve these problems [17].

The second point of view among Chinese scholars regarding globalization considers this phenomenon simply as a step and a new form of international capitalism. In this view, globalization is nothing but the logical result of contemporary capitalist development and the new method of creating capitalism. According to this logic, globalization is a contemporary and synonymous form of capitalism. Therefore, the supporters of this view have called globalization developed capitalism, unorganized capitalism, globalized capitalism, and transitional capitalism [18].

The third point of view considers the phenomenon of globalization to be equivalent to westernization. Supporters of this view, who are of course in the minority among Chinese scientists, believe that if globalization is the last form of capitalism in the developed western countries, especially the United States, which are the natural representatives of contemporary capitalism. Therefore, it is logical to conclude that globalization is equivalent to westernization. Globalization represents the globalization of human values, which originate from developed western countries, especially America.

**The conceptual framework for China's interpretations of globalization is shown in Fig. (1).** As can be seen, China's interpretations of globalization include three distinct and sometimes contradictory perspectives. In the first interpretation, globalization is defined as a platform for transnational cooperation and solving common human challenges, which is manifested in China's participation in agreements such as RCEP and international environmental projects. The second interpretation, with Marxist roots, sees globalization as a natural continuation of international capitalism, an approach that China has appropriated for its own economy by transforming itself into a global production workshop and absorbing advanced technologies.



**Fig. (1): Conceptual framework for China's interpretations of globalization**

The third interpretation sees globalization as a Western tool for spreading liberal values, to which China responds through policies of internet censorship and the promotion of the “Chinese Dream” as an alternative to the Western model. This interpretive triad reflects the inherent tension in China’s approach.

## 7. CHINA'S CHALLENGES IN THE FIELD OF GLOBALIZATION

In order to fulfill development, there are many challenges that the Chinese have tried to deal with. These challenges are, in fact, steps to realize development. This means the management and adaptation of China's structures must be done in the process of development and globalization. The first challenge of this country is the lack of resources. The second challenge is the environmental issue. Pollution, waste materials and lastly low amount of recycling are big obstacles to achieve sustainable development. The third challenge in the field of globalization is the lack of coordination between economic development and social development. This challenge causes a series of tensions that China must deal with; It is reflected. Between high GDP growth and social progress, between advanced technology and the creation of many job opportunities, between controlling progress in coastal areas and accelerating it inside, between strengthening urbanization and improving the condition of agricultural lands, etc. [19].

The Chinese government's strategies to deal with these challenges can be explained in the form of several important strategies. The first strategy is to overtake the old patterns of the industrialization process and to present a new pattern. Another strategy is to overcome the traditional solutions, the emergence of superpowers and this cold war mentality that international relations are defined along ideological lines. Another strategy is to abandon outdated approaches of social control and build a harmonious socialist society. The performance of the Chinese government gradually changed. This country is strengthening its democratic organizations and the rule of law and is trying to build a stable society based on a spiritual civilization. By using these strategies, China adjusts itself to globalization and actually manages globalization.

In line with the implementation of the above strategies, the Chinese have identified their problems and challenges as follows:

- 1) The difference between the eastern and the southern regions and the western and central regions from an economic point of view
- 2) The huge differences between cities and villages in providing facilities, income, welfare and medical and health facilities
- 3) The development of the southern and the eastern regions has created environmental problems, and excessive consumption of energy and raw materials [20].

## 8. CHINA'S ACTIONS IN THE ERA OF GLOBALIZATION

In this section, the most important actions of China in the era of globalization are presented and explained.

### 8.1. Signing regional trade agreements

By emerging the phenomenon of globalization, its subsequent changes and transformations as result of it, the signing of regional trade agreements has increased. This kind of agreement were signed in a wide and unprecedented manner through closer economic cooperation with its neighboring countries. In this regard, China has signed an agreement with the Union of Southeast Asian Nations to create a free trade zone. In addition, it has signed agreements with other countries, including Australia and Arab countries. The purpose of this work is that this country can influence the fate of the multilateral trade





system under the management of the World Trade Organization in the process of globalization, and at the same time, guarantees its security and political strategies at the regional levels and perceive the world through it [21].

### **8.1.1. Regional Comprehensive Economic Partnership (RCEP): Implications for Asian trade governance**

The Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement, has created a new framework for economic integration in the Asia-Pacific. In addition, the agreement has strengthened China's role as a key player in setting regional trade rules. The agreement was signed in November 2020 by 15 member countries, including China, Japan, and South Korea. The agreement covers about 30% of the world's GDP and population.

RCEP has simplified the fragmented procedures found in previous bilateral agreements by unifying rules of origin, reducing tariffs in the agricultural and industrial sectors, and standardizing e-commerce regulations. Unlike more advanced agreements such as the CPTPP, which focus on non-trade issues such as the environment and labor rights, RCEP focuses primarily on facilitating trade in goods and services. This approach allows member countries at different levels of development to reap the benefits of regional trade without being pressured to quickly adapt to stringent standards [22].

For China, RCEP is a strategic tool aimed at reducing dependence on Western markets and strengthening regional supply chains. By gradually eliminating 90% of tariffs between members, China could enhance its position as an industrial hub in Asia, especially in industries such as electronics and textiles that rely on multinational supply chains. The agreement also provides China with an opportunity to diversify its economic ties in the region by easing trade tensions with Japan and South Korea [23]. However, RCEP lacks strong enforcement mechanisms in areas such as state subsidies or intellectual property rights. This could lead to future disputes between members. India's absence, stemming from concerns about rising Chinese imports, is another major challenge that has left a significant gap in the agreement's potential [24].

Overall, RCEP can be said to represent Asia's gradual transition from a Western-dominated trade model to a multipolar system in which China plays a central role. The success of the agreement will depend on the ability of members to manage trade disputes and approximate regulatory standards, a process that China is likely to drive through its economic clout.

### **8.1.2. China's role in shaping RCEP: Institutional reforms and market access**

In addition to being one of the original signatories to RCEP, China has played an influential role in designing the structure of the agreement as a key architect. China's approach to RCEP has been a combination of long-term economic interests and geopolitical goals, pursued through domestic reforms and diplomatic bargaining [25].

China has pushed the agreement towards its manufacturing interests by proposing the gradual elimination of tariffs on many goods and, in fact, the reduction of non-industrial tariffs. This will allow Chinese companies to benefit from the integrated supply chain in Asia. In addition, China insisted that the RCEP rules of origin be simpler than those of the CPTPP so that Chinese companies can source raw materials from multiple member countries without being subject to trade penalties. This has significantly helped China's assembly-based exports [26]. On the other hand, China defended its traditional positions in international trade by resisting strict conditions in areas such as government subsidies and workers' rights.

China has made reforms to its domestic institutions to align with RCEP. In this regard, before signing RCEP, China revised its domestic laws on digital payments and data privacy to align with the agreement's standards. These reforms allow technology companies to expand into member markets [27]. Also, while China made limited commitments in financial services such as banking and insurance in RCEP, it selectively allowed foreign investors to have a greater presence in free trade zones. In addition, China tightened laws on copyright and patent infringement to alleviate concerns from countries such as Japan and South Korea.

On the other hand, market access has created opportunities and constraints for China. One of the most important opportunities created is the increase in exports. With the elimination of agricultural tariffs, China's exports of products such as fruits and vegetables to Southeast Asian countries have grown significantly. Another opportunity created is industrial interdependence. In fact, China has used RCEP to attract more investment in technology-intensive industries (such as semiconductors) from Japan and South Korea, but has maintained protectionist policies in critical sectors such as steel and energy. However, challenges remain. For example, the resistance of some members, such as Australia, to Chinese investments in critical infrastructure shows that RCEP alone cannot remove geopolitical obstacles [28].

Overall, RCEP has allowed China to consolidate its leadership role in Asian trade without accepting burdensome political obligations. The success of the agreement for China will depend on its ability to balance market liberalization with maintaining state control over the economy [29]. In the long term, RCEP could become a tool to reduce China's dependence on Western markets, provided that regional geopolitical differences do not prevent its full implementation.

## **8.2. Belt and Road Initiative (BRI) as a multinational strategy**

### **8.2.1. BRI's impact on global infrastructure and trade asymmetries**

China's Belt and Road Initiative (BRI), focusing on international infrastructure development, has brought about a dramatic transformation in global trade and connectivity patterns. The project has opened up new routes for the flow of goods and capital. It has also targeted infrastructure gaps between developing and developed economies. However, its implications for



global trade and economic balance have been multidimensional and sometimes contradictory. Projects such as Pakistan's Gwadar Port, the China-Laos Railway, and the China-Pakistan Economic Corridor have transformed traditional trade routes. These infrastructures provide alternative routes for the transit of goods, reducing dependence on strategic points such as the Strait of Malacca. In addition, Chinese investment in ports, railways, and roads has significantly reduced transportation time and costs in some regions. Also, by dominating BRI projects, some Chinese companies have imposed their technical standards on host countries, which ensures the long-term influence of Chinese technology [30].

Many BRI countries, such as Sri Lanka, Zambia, and Djibouti, have faced unbalanced fiscal arrangements. China's heavy loans, often on non-transparent and unfair terms, have led to an increase in unsustainable debt burdens for these countries. On the other hand, China is relying on the BRI to export its surplus production to new markets, while host countries are largely limited to exporting raw materials. This trend has deepened the trade gap and increased economic dependence on China. Moreover, the response of Western powers reflects their efforts to counter China's monopoly on global infrastructure. This competition has turned the international trade space into an arena of strategic tensions [31].

Overall, the BRI, while effective in reducing the global infrastructure gap, has serious critics due to its unilateral nature and financial risks. While facilitating regional economic integration, the initiative has exacerbated structural disparities in the global trading system. The future of the project therefore depends on China's ability to adjust its financial approaches and respond to geopolitical concerns [32].

### **8.2.2. Institutional challenges and geopolitical implications of BRI**

The Belt and Road Initiative (BRI) faces significant institutional challenges, most notably inconsistent regulatory standards, weak financial transparency mechanisms, and concerns about compliance with international law in infrastructure contracts. These issues have delayed project implementation. They have also eroded the trust of international partners. In addition, the diversity of political and economic systems among member countries has made policy coordination difficult, sometimes leading to the suspension or cancellation of projects [33].

From a geopolitical perspective, the BRI is a tool for expanding China's influence in Eurasia and Africa, which has provoked mixed reactions from Western and regional powers. The United States and the European Union have countered the initiative with alternative plans, while India has opposed projects involving Pakistan due to security concerns [34]. These rivalries have also affected the economic, security, and diplomatic dimensions of the BRI, making it a focal point of contemporary geopolitical tensions.

### **8.3. Creating some reforms in the commercial, economic and legal structure**

In the course of China's move towards globalizing and influencing the world economy and attracting foreign investment, they have made significant structural reforms in various fields, including commercial, economic and legal. Structural changes and reforms in the commercial policies of this country have played an important role in the growth of exports and the economy of this country. Before globalization, China's trade was in the hands of a limited number of companies, and trade policy tools such as tariffs, quotas, and licenses did not have an important role in the trade system. Political reforms caused a fundamental change in these conditions. In the first step, the number and type of companies qualified to do business increased and the exclusive status of a few companies were removed. Also, the right to trade, which was the monopoly of government enterprises and was subject to import competition. It had to deal with a limited domestic enterprises' access to export markets and consequently, with a serious crisis. However, the right to trade gradually expanded to more enterprises as part of market reforms. Currently, all natural and legal persons and companies can be present in foreign trade. In addition, the trade policy tools of the theory of tariffs, quotas, licenses and customs exemptions were also created [35].

at the same time another part of China's reforms as the expansion of globalization was reforms in the field of monetary and banking system. In line with these reforms, the People's Bank of China became a central bank that abandoned all commercial affairs. Bank of China was in charge of foreign transactions. Housing Bank, Investment Bank and Industrial and Commercial Bank of China were also established in line with these reforms. The aim of these measures was to better comply with the regulations of the World Trade Organization. following industrialization in china, a large number of state-owned enterprises were created, which contrasted with China's move towards a market economy and integration into the globalization process. Their reform was a complex process due to the important role of these companies in the Chinese economy. In this regard, the Chinese put its emphasis on large and state-owned companies, dealt with small and medium-sized state-owned companies through auctions, capital increases, privatization, declaring bankruptcy, mergers, etc.

Carrying out extensive reforms in other sectors created the need to making reforms in the legal field even more important. In this respect, fundamental reforms were made in legal area by approving new regulations, revising and canceling previous regulations and cumbersome laws. These measures were taken in order for this country to accelerate and strengthen its economic growth in the age of globalization. Compilation and approval of new laws is a big change in the process of integration of China in the world economy and the process of globalization. These laws include a wider range of topics related to foreign trade. These new legal laws also include issues such as fair-trade procedures and clarifications related to commercial disputes and protection of individual property rights.



#### 8.4. Attracting foreign capital

China's foreign investment attraction has increased with the emergence of the phenomenon of globalization. Foreign investments are often concentrated in the special economic regions of this country, i.e. Fujian and Guangdong provinces. Another point that shows the connection between the process of globalization and foreign direct investment in China; It is the origin of these investments. In the first years, even though investors from more than 90 countries invested in this country, these investors were mostly Chinese. In the following years, investors from the United States and Europe also invested in China. In fact, the expansion of the globalization process has been effective from the point of view of the type of foreign investment and the attraction of foreign capital in China [36]. At the same time contractual joint ventures as a part of globalization attracted the attention of the Chinese. The first reason for this was the belief of the Chinese in better securing the interests of the country through this type of investment. Secondly, foreign investors believed that by doing this type of investment, their influence in the domestic and international markets would increase.

#### 9. THE IMPACT OF CHINA'S GLOBALIZATION ON OTHER COUNTRIES

China's globalization has significantly affected other countries as well. The country's success in debt balancing through equity based on previous successes in Hong Kong, Taiwan and Singapore. A significant part of economic development management in the world is gradually changing. This influence and influence of China, especially in Asia, is the source of many developments. The former model was to avoid dependence on foreign investment due to borrowing from domestic and foreign banks. At that time, governments controlled the development of industry by channelizing bank loans. This caused companies and countries to become too dependent on banks. Therefore, they suffered periodic financial crises. This caused the government to over-supervise industries, which led to the spread of corruption and mismanagement. This gave an unfair advantage to large companies with political privileges compared to smaller and foreign companies. The important point for America is that the mentioned issue caused restrictions for the companies of this country.

Now this country's competition with China will force most companies to open their doors to foreign investment and American companies will benefit not only in China but all over the world. At the beginning of this decade, there was this fear that China's success would lead to commercial and investment booms even in areas far from the Asian borders, and as a result, China's success would lead to the weakening of the economic base of neighboring countries.

But in practice, the opposite happened [37]. Wherever the laws have been changed to welcome foreign investments, such as India, South Korea and Japan. The rate of attracting foreign investment has leveled up. China also encouraged other countries to attract foreign investments, and the platform for foreign investments has expanded everywhere in an unprecedented way due to the positive response given to this action.

The most important results of China's growth and development are similar to the results that the rise and prosperity of America brought to the world, or it can be compared to the revival of Japan and Europe. China's globalization has had countless effects on the United States. Among the most obvious of them is the transformation of China into a big market for American products.

#### 10. COMPARING THE RESPONSE OF CHINA AND SOME ASIAN COUNTRIES TO GLOBALIZATION

The responses of China and some important Asian countries such as India, Japan and ASEAN to globalization are compared with each other and the results are presented in Table (1). As can be seen, China has taken a proactive approach to globalization. By signing trade agreements such as RCEP and launching the BRI, China has sought to increase its economic influence. In addition, the country has attempted to set new standards in regional trade and investment. However, challenges such as state control over the economy and concerns about heavy debt have also created constraints. In contrast, India, despite its high growth potential, has taken a more cautious approach, focusing more on bilateral agreements and strengthening the digital sector rather than engaging in mega projects. India's resistance to the BRI, for security reasons and a desire to maintain economic independence, reflects a fundamental difference in the two countries' strategies [38].

Table (1): Comparative study of China and Asian countries' response to globalization

Criteria	China	India	Japan	ASEAN
Trade policy	Focus on regional agreements	Cautious approach; willingness to participate in bilateral and multilateral agreements	Supporting CPTPP; Participating in Global Supply Chains	Balancing cooperation with China and the West; diverse trade agreements





Criteria	China	India	Japan	ASEAN
<b>Attracting foreign capital</b>	Institutional reforms to facilitate FDI; creation of special economic free zones	Gradual market liberalization; more restrictions in sensitive sectors	Development of advanced technologies; control of strategic sectors	Attractive policies for FDI; competition among members to attract foreign investment
<b>Reaction to BRI</b>	Leading infrastructure projects with an emphasis on regional development	Resistance to Pakistan-related projects for security reasons	Limited partnership with an emphasis on transparency and financial standards	Selective acceptance of projects with concerns about debt and dependency
<b>Innovation and Technology</b>	Heavy investment in advanced technologies	Rapid growth in the digital and technology services sector	Maintaining excellence in advanced technologies	Progress in digitalization by some members, such as Singapore
<b>Domestic Challenges</b>	Tension between government control and economic openness	Complex bureaucracy and inadequate infrastructure	Aging population and slowing economic growth	Differences in development levels between members

Furthermore, Japan, maintaining its position as one of the world's most advanced economies, has emphasized participation in high-standard agreements such as the CPTPP. By investing in advanced technologies and automation, Japan has sought to maintain its competitive advantage in global supply chains, although challenges such as an aging population have overshadowed its economic growth. Meanwhile, ASEAN member states have had a diverse approach to globalization due to their wide range of economic development. Some countries, such as Singapore and Malaysia, have been at the forefront of attracting foreign investment and digitalization, while others face challenges such as dependence on global supply chains and domestic inequality. These differences indicate that Asian countries have not responded to globalization in the same way, and each has followed a different path based on its own interests and constraints.

## 11. CONCLUSION

By adopting a state-centered and intelligent model of globalization, China has been able to use tools such as the BRI and RCEP to strengthen its position in the multipolar world order. By combining institutional reforms, targeted trade policies, and economic diplomacy, the country has embarked on a path of sustainable growth; however, geopolitical tensions, the financial dependence of host countries on the BRI, and domestic challenges such as the mismatch between economic and social development have challenged the sustainability of this model. Comparing China's response with Asian countries such as India and Japan shows that each of these actors has sought to exploit the opportunities of globalization by adopting different strategies (from India's conservatism to Japan's standards-based multilateralism).

On the other hand, China's success in attracting foreign investment and promoting regional supply chains through RCEP is an example of smart integration with the global economy; however, the lack of strong enforcement mechanisms in this agreement and India's absence have created serious challenges to its effectiveness. At the same time, the BRI, despite its global infrastructure development, has faced widespread criticism for opaque financial contracts and heavy debt burdens for host countries. These contradictions suggest that while the Chinese model offers an alternative to liberal globalization, it must balance economic openness, geopolitical stability, and the reduction of structural inequalities for its continued success.

China's experience has proven that globalization is not just an economic process, but also an arena for redefining geopolitical power and influence. China has shown that by maintaining state control over vital sectors and fostering technological self-reliance, it can defend an independent political-cultural identity while integrating into the global economy. However, the future of this model depends on China's ability to manage competition with the United States, address the debt-driven concerns of the BRI, and strengthen multilateral cooperation in frameworks such as RCEP. An important lesson for other



developing economies is that globalization can take many forms, but success depends on institutional flexibility and a balance between national interests and international obligations.

## REFERENCES

- [1] Yameogo, C. E., Omojolaibi, J. A., & Dauda, R. O. (2021). Economic globalisation, institutions and environmental quality in Sub-Saharan Africa. *Research in Globalization*, 3, 100035.
- [2] Trindade d'Ávila Magalhães, D. (2018). The globaliser dragon: how is China changing economic globalisation? *Third World Quarterly*, 39(9), 1727-1749.
- [3] Paus, E. (2020). Innovation strategies matter: Latin America's middle-income trap meets China and globalisation. *The Journal of Development Studies*, 56(4), 657-679.
- [4] Sharmiladevi, J. C. (2017). Understanding Dunning's OLI paradigm. *Indian Journal of Commerce and Management Studies*, 8(3), 47-52.
- [5] Batschauer da Cruz, C. B., Eliete Floriani, D., & Amal, M. (2022). The OLI Paradigm as a comprehensive model of FDI determinants: a sub-national approach. *International Journal of Emerging Markets*, 17(1), 145-176.
- [6] Ren, Y. (2024). A Review of the Determinants of Outward Foreign Direct Investment (FDI): From the Perspective of the Eclectic Paradigm. *Academic Journal of Business & Management*, 6(11), 128-132.
- [7] Yin, H. (2021). *A study of the impact of foreign direct investment on firms in the Chinese wine industry* (Doctoral dissertation, The University of Waikato).
- [8] Afshar, M. Z., & Shah, M. H. (2025). Leveraging Porter's Diamond Model: Public Sector Insights. *The Critical Review of Social Sciences Studies*, 3(2), 2255-2271.
- [9] Zhao, S. (2024). Effectiveness and Challenges of Chinese Enterprise's Alternative Planting Projects in Northern Laos: A Porter's Diamond Model Analysis. *Journal of Dhamma for Life*, 30(4), 245-258.
- [10] Zhao, S., & Tan, C. C. (2023). A Comparative Analysis of the Japanese Overseas SEZ in Phnom Penh and the Chinese Overseas SEZ in Sihanoukville, Cambodia: from the Perspective of Porter's Diamond Model. *International Journal of China Studies*, 171-209.
- [11] Zajda, J. I., & Majhanovich, S. (Eds.). (2021). *Globalisation, cultural identity and nation-building: The changing paradigms* (Vol. 5). Dordrecht: Springer.
- [12] Fouskas, V. K., Roy-Mukherjee, S., Huang, Q., & Udeogu, E. (2020). *China & the USA: Globalisation and the Decline of America's Supremacy*. Springer Nature.
- [13] Geng, Y., Tian, X., Sarkis, J., & Ulgiati, S. (2017). China-USA trade: indicators for equitable and environmentally balanced resource exchange. *Ecological Economics*, 132, 245-254.
- [14] Thiermann, A. (2004). Adapting veterinary infrastructures to meet the challenges of globalisation and the requirements of the World Trade Organization Agreement on Sanitary and Phytosanitary Measures. *Revue Scientifique et Technique (International Office of Epizootics)*, 23(1), 109-114.
- [15] Gorynia, M. (2019). Competition and globalisation in economic sciences. Selected aspects. *Economics and Business Review*, 5(3).
- [16] Zhang, X., & Zhang, K. H. (2003). How does globalisation affect regional inequality within a developing country? Evidence from China. *Journal of Development Studies*, 39(4), 47-67.
- [17] Liu, D., & Yan, Z. (2015). Engaging with globalisation: Chinese perspectives. *Third World Quarterly*, 36(11), 2002-2022.
- [18] Wu, D. D., & Mao, S. (2011). Media discourses and cultural globalisation: A Chinese perspective. *Critical Arts: South-North Cultural and Media Studies*, 25(1), 1-6.
- [19] Ho, W. C., & Law, W. W. (2006). Challenges to globalisation, localisation and Sinophilia in music education: A comparative study of Hong Kong, Shanghai and Taipei. *British Journal of Music Education*, 23(2), 217-237.
- [20] Huaichuan, R. (2004). *Globalisation, transition and development in China: The case of the coal industry*. Routledge.
- [21] Song, T., & Cieslik, A. (2020). The effects of free trade agreements on regional wages in China. *Economic Systems*, 44(3), 100772.
- [22] Chong, W. Y. (2021, August). Regional Comprehensive Economic Partnership (RCEP)–The Geopolitical and Economic Implications on Malaysia. In *International Conference on Economics, Business, Social, and Humanities (ICEBSH 2021)* (pp. 427-432). Atlantis Press.



- [23] La, M. (2017). Regional comprehensive economic partnership (RCEP): Progress and challenges. *KIEP Research Paper. World Economy Brief*, 17-12.
- [24] Oba, M. (2025). Japan and the regional comprehensive economic partnership (RCEP). In *Political Economy of East Asian Economic Integration* (pp. 142-163). Routledge.
- [25] Tan, W., & Soong, J. J. (2022). The political economy of China's rising role in the Regional Comprehensive Economic Partnership (RCEP): Strategies and instruments of Chinese way. *The Chinese Economy*, 55(4), 268-281.
- [26] Fang, Y. (2024). How Would it be Possible for China to Join the CPTPP: A Comprehensive Assessment.
- [27] Li, S., & Wang, Y. (2024). China's perspective on applying for the CPTPP: enhancing economic interdependence as a hedging approach in great power rivalry. *China International Strategy Review*, 6(1), 78-99.
- [28] Li, C., Ping, Y., & Zhang, J. (2021). China's Policy Responses to the Economic Impact of CPTPP and their Effectiveness. *East Asian Affairs*, 1(02), 2150008.
- [29] Park, C. Y., Petri, P. A., & Plummer, M. G. (2021). The economics of conflict and cooperation in the Asia-Pacific: RCEP, CPTPP and the US-China trade war. *East Asian Economic Review (EAER)*, 25(3), 233-272.
- [30] Liu, J. C. (2020). The BRI, logistics, and global infrastructure: New world order, the game of Go, and the disposition of Shi. In *China's Belt and Road Initiative* (pp. 143-165). Routledge.
- [31] Strange, A. (2023). *Chinese global infrastructure*. Cambridge University Press.
- [32] Renwick, N., Gu, J., & Gong, S. (2018). The impact of Belt and Road Initiative (BRI) investment in infrastructure on achieving the Sustainable Development Goals.
- [33] Thapa, C. B. (2025). Geopolitical Implications of BRI in South Asia. *Journal of APF Command and Staff College*, 8(1), 191-216.
- [34] Ganchev, I. (2024). China and the BRI Ten Years on: Geopolitics and Development. *Policy*, 2(1).
- [35] Xu, C. (2011). The fundamental institutions of China's reforms and development. *Journal of economic literature*, 49(4), 1076-1151.
- [36] McGrattan, E. R. (2016). *China's Foreign Investment* (No. 16-9). Federal Reserve Bank of Minneapolis.
- [37] Witt, M. A. (2019). China's challenge: Geopolitics, de-globalization, and the future of Chinese business. *Management and Organization Review*, 15(4), 687-704.
- [38] Watson, J. L., Suárez-Orozco, M. M., & Qin-Hilliard, D. B. (2004). Globalization in Asia. *MM Suárez-Orozco, D. baolian Win-Hillard, Globalization: Culture and education in the New Millenium*, 141-172.
- [39] Ghosh, S. (2018). Globalization and environment: an Asian experience. *Journal of International Commerce, Economics and Policy*, 9(03), 1850010.

fffff